Scott' H-27—58.000—4-13-46

Dev. (1948) Department.

MS SERIES.

G.O. NO. 703

Dated 14—2—1948

[Despatch Abstract.]

Audit - The S. Kanara Agriculturists Co-operative Marketing Society - Audit for 1947-48 - Three Cs. ordered.

Representation on behalf of the South Kanara Agriculturist Co-Operative ~~Society~~ Marketting Society Ltd., Puttur.

South Kanara .

To

The Honourable Sri. K.Chandramouli B.A., Minister for Local Administration and Co-Operation ,Madras .

Sir,

We beg to place before you the following subjects for your kind consideration and disposal .

1. This Society having been started more than 25 years ~~ag~~ ago , has been catering to the needs and marketting the produce of the agriculturists and was holding its head high as a unique society in the Madras Presidency . Its career till April 1944 had been a flourishing one to the knowledge of the Co-operative Department as well as the public. On account of sudden explosion ~~and~~ fire in Bombay , the goods lying in our branch there were completely destroyed with a resultant loss of nearly one lakh of rupees There has been a setback ever since then although it has done good service to its members and public and it will take a long time still to make up that loss [illegible] year our interview with the then Minister Sri.V.V.Giri resulted in the grant ~~of~~ of free audit of this Society for a period of three years which is almost over . The financial position of this Society remains the same as before Hence our request is for a grant of free audit for a further period of five years at least

2. The Government policy not to issue public career ---- permit to transport lorries owned by co-operative institutions works great hardship to the societies concerned . The policy works harder in the case of this Society which has still to make up a great loss . The co-operative institutions must be treated on a par with individuals and must be free to do transport business in healthy competitio with individuals . It is all the more necessary that ----

2

that ~~xxxxxx~~ lorries owned by co-operativex institutions should be granted public carrier permits since these exist for the benefit of the public in general and members in particular

3. A Supervisor at Givernment costx should be appointed to verify stock pledged to the Society

Puttur.
25-10-1947.

President.

To
AS

Paras 1 and 2 above may be referred to the R C S for remarks. Subject to orders a draft endorsement is submitted below.

An extract of para 2 may be sent to the ~~Home~~ Department.

Extract sent.
6 4 47

S 3/11/47
5-11-47

5.11.47
6

~~Hons~~

Like issue

Dr. f.1-III Dev Department

Endt. No (04) 90 BT/67-1

Petition from the S. Kanara Agriculture & Coop. Marketing Society Ltd. Puttur Dt. 25-10-67

Paras 1 and 2 are refered to the RES for remarks.

To the RES (with encl)

C.F. 82.

Cooperative Department

Received Registered 3144.

From (Name) Sri Rao Bahadur J.C.Ryan M.A

Designation Registrar of Cooperative Societies,

Station Madras.

To

The Secretary to Government,
Development Department,
Fort St. George, Madras.

Enclosures:

No. Rc.31214/47-L. dated 6-1- 1948.

Sir,

Sub:- Audit - South Kanara Agriculturists' Cooperative Marketing Society Limited - free audit - sanction requested.

Ref:- 1. G.O.Ms.No.2673 Development dated 19-6-1947.
2. G.O.Ms.No.4764 Development dated 7-10-1947.
3. Government endorsement No.104790 BI/47-1 dated 7-11-1947.

With reference to the Government's endorsement cited, I offer the following remarks:-

1. Sanction of free audit: On a similar application for the sanction of free audit made by the South Kanara Agriculturists' Cooperative Marketing Society in November 1946, I had recommended to Government in my letter Rc.19916/46-L dated 6-3-1947 that Government might order the refund of the audit fees recovered from the society on account of the audit for 1944-45 and that free audit might be sanctioned for the audit of the two subsequent years.

P.T.O.

This recommendation was partly met by Government in their order no.Ms.2673 Development dated 19-6-1947 by sanctioning the refund of 50% of the fees for the years 1944-45 and 1945-46 and by sanctioning free audit for the year 1946-47. In the subsequent order cited as (2) above, Government had ordered that the cost of the two Junior Inspectors under F.R.127 engaged in the audit of the society for the year 1946-47 need not be recovered. As these concessions are coming to a close, the society has now made an application for the continuance of free audit for another 5 years commencing from 1947-48.

While making my last recommendation, I apprised Government of the heavy unforeseen losses sustained by the society as a result of the explosion in the Bombay Dock area and the need for timely help to enable the society to effect a rapid recovery of its financial position. The circumstances stated in support of the present claim for the extension of the concessions for free audit are more or less the same as stated in the previous occassion. It is, however, evident from the financial results of the working of the society for the year 1946-47 that it has still to recoup a loss of Rs.64,168/-. This emphasises the need for the continuance of the help prayed for by the society for some more time. I therefore recommend that Government may be pleased to extend the concession of free audit of the accounts of the society for the present for one more year i.e. for the year 1947-48.

2. Appointment of a Supervisor at Government cost: It is generally the function of the financing bank to arrange for the periodical verification of the stocks pledged to the marketing societies and for keeping a general watch over them. It should be possible for these institutions to meet the cost of the staff required for supervisions of stocks out of their income. The request of the society for the sanction of the services of a Supervisor at Government cost is not justifiable and need not be complied with.

FOR REGISTRAR.

ASN.6.1.

pl. issue BM 13/2/48 99/16/2

p. 2 of 5 (7)

p. 1-2 of

p. 5-6 of

Development Department

Audit - The South Kanara Agriculturists Cooperative Marketing Society - Audit for 1947-48 - Free of cost - Ordered

Read again: G.O.No.Ms.4764,Dev.,d. 7-10-1947
Read also: From the South Kanara Agriculturists Coop. Marketing Society,Ltd. petition dated 25-10-1947
From the R.C.S. letter No.31214/47 L, dated 6-1-1948

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G.O.Ms. No 303 dated 14. 2. 48

Order if in on ar k 5 Special Cake No

H.E. the Governor of Madras directs that ~~no~~ R.S.A. recovery need be made from the South Kanara Agriculturists Cooperative Marketing Society, Ltd., Puttur, South Kanara, towards the cost of audit for the cooperative year 1947-48.

2. The society's request for the appointment of a supervisor at Government's cost is ~~not accepted~~. cannot be complied with

✓ para 3 on p. 2 c. f BM 17/2

To the R.C.S.
To the A.G. thro'Fin.
To the President, The S.Kanara Agriculturists Coop.Marketing Society, Ltd.,Puttur,S.Kanara *Hon p 5-6 f BM 11/2/48 Ak 11-2-48

Copy to S.F. of Audit

Dated 17/2

Development Department

Audit - The South Kanara Agriculturists Cooperative Marketing Society - ~~Rxxxxxxxxx~~ Free audit - Request

From the South Kanara Agriculturists Cooperative Marketing Society dated 25-10-1947
Issued as Endt.No.104790 B-I/47-1, dated 7-11-1947
From the R.C.S. letter No.31214/47-L, dated 6-1-1948
To A.S.

The South Kanara Agriculturists Cooperative Marketing Society stated in November 1946 that its branch at Bombay was blown up in the explosion which occurred in 1944 involving the society in a loss of about Rs 70,000/-. It therefore requested the Government that in order to tide over the difficulty the cost of audit for ~~th~~ the year 1944-45 paid by it ~~mightxxxxxxxxxxxxxx~~ might be refunded and that it might be provided with free audit from 1-7-1945. After examining the question in consultation with the R.C.S. the Government ordered that 50 per cent of the cost of audit recovered from the society for the cooperative years 1944-45 and 1945-46 should be refunded to it and that no recovery should be made from the society towards the cost of audit for the cooperative year 1946-47. It was also ordered that full recovery should be made from 1947-48 onwards. The society has now requested in its representation at pp.1-2 c.f.

i. that the Government may grant free audit for a further period of 5 years ~~atleast~~ and

ii. that a supervisor may be appointed at Government cost to verify stock pledged to the society.

2. Item i above: The Registrar states that the financial results of the working of the society for the year 1946-47 have shown that the society which has been incurring losses from 1943-44 onwards has still to recoup a loss of Rs 69,168/-. He therefore recommends that the concession of free audit may be extended for one more year for the present, viz. for the year 1947-48.

Under rule xi of the rules made under the Coopertive Societies Act, every society has to pay to the Govt. for the audit of its accounts, fees in accordance with the prescribed scales. The Government have however exempted certain societies from the payment of audit fees, especially societies in the initial stages and societies having transactions not exceeding certain limits.

But recently the Government have ordered that all the concessions granted under this rule should be withdrawn from 1-1-1948 and that the expenditure on the staff required for the audit of cooperative societies should not in any circumstances be a charge on the Provincial Revenues. Societies in respect of which staff may have been sanctioned in the past for audit purposes because they were eligible for free audit should also meet the cost of audit from 1-1-1948. It will however be observed from the notes and orders at pp.5-6 n.f. of G.O.No.Ms.2673, Dev., d.19-6-1947 that the concession of free audit was granted to the S.Kanara Coop.Marketing Society because of the unusual difficulty the society had to face on account of the big fire explosion in the Bombay dock area which blew up the society's branch there and the need for timely help to enable the society to effect a rapid recovery of its financial position. As the Registrar states that it has still to recoup loss to the tune of Rs 69,000/- the society deserves Govt. help to revive and keep it going. In the circumstances it is for orders whether the decision that full fees on account of audit (for 1947-48 onwards) should be recovered from the society will be reconsidered and the Registrar's proposal to provide it with free audit for 1947-48 also will be accepted. The remarks of Finance may be invited.

3. Item ii in paragraph 1 above: For the reasons stated in paragraph 2 on p.6 c.f. the Registrar states that the request of the society for the sanction of the services of a supervisor at Government cost is not justifiable and need not be complied with. For orders whether this department will agree with the Registrar.

4. After orders are passed the file may be sent to Finance for remarks.

ASST. SECRETARY TO GOVT. 32160 17 JAN 1948 DEVELOPMENT FINANCE DEPARTMENT

BAA 11/48 16.1.48

16.1.1948

Above

The explosion in Bombay in 1944 has rendered the society absolutely helpless. Remission of audit fees to the society is proposed in the exceptional circumstances of the case. The Society deserves sympathy and an exceptional treatment. This is a fine Society richly deserving our help

16/1/48

16/1

Please see the notes on p.p. 1-2 above.

B. on p.2 above: - The Registrar has stated that the request of the Society for the sanction of the services of a Supervisor at Govt. cost is not justifiable and need not be complied with. Development propose to agree with the Registrar Finance may also agree.

A. on p.2 above:- A big concession was already shown to the Society last year in that only 50% of the cost of audit was recovered from the Society for the years 1944-5 and 1945-6, and no recovery was made from the Society towards the cost of audit for 1946-7. While passing the above orders, H.M.(Fin) definitely ordered that full recovery ~~should~~ may be made for 1947-8.

Subsequently also in G.O. 5127 Dev. dated 4-11-47, the Govt. ordered that with effect from 1-1-48 the expenditure on the staff required for the audit of Co-operative Societies shou not in any circumstances be a charge on the Provincial revenues ~~and~~ that all the concessions granted in rule X1 of the rules made under the Co-operative Societies Act should be withdrawn from that date, that the necessary expenditure should be recovered from the Societies themselves and that Societies in respect of which staff ~~may~~ might have been sanctioned in the past for audit purposes because they were eligible for free audit should also meet the cost of audit from 1st January 1948.

In view of the above orders, there seems no case at all for extending the concession of free audit to this particular Society for 1947-8 also. If this is done, it would become an inconvenient precident, and similar concession will have to be given to other Societies which may be, places more or less under similar circumstances.

In the above circumstances, ~~and in view of the fact that a big concession has already been shown to this Society~~, Finance may advise strongly against the proposal of Dev. to remit the audit fees in this case for 1947-8.

If Dev. still wish to press their proposal, they may be requested to take

orders in circulation including H.M.(Finance).

17 DW 19.1.48

It does not seem advisable to make a departure from the orders issued recently in para 4 of (Fin 572) Dept. dt 4.11.47 and exempt the South Kanara Agricultural Co-operative Marketing Society Ltd. from payment of audit fee for 1947-8. If Dept. do not agree, they may take orders in circulation including H.M. (Finance).

20.1.48 Dept

The circumstances relating to this Society seem to be special, as it had to incur a huge loss due to the explosion in the Bombay Docks in 1944. In view of 'A' on P6CF, the concession ⊗ may perhaps be continued for another year. In view of the special circumstances, the continuance of the concession in this case cannot become a precedent. Dept. may however, take the orders in circulation including H.M. Fin. (who ~~[illegible]~~ expunged the para on the previous occasion that audit fee should be received from 1947-8)

Jr 22/1/48 Sd/-

R ⊗ (The amount of loss worked out to Rs 3,500 p.m.)

S

Fin no 3216 AA1

22/1 Cwy

10064

Cm·1047·39·B·47 Development Department

SUMMARISING NOTE

The file deals with the request of the South Kanara Agriculturists Cooperative Marketing Society for the concessio of free audit for a further period of 5 years and the appointment of a supervisor at Government cost to verify the stock pledged to the society. The history of the case will be found in paragraph 1 on p.1 ante. The requests are examined in paragraphs 2 and 3 at pp.1-2 ante. The Registrar has stated that the appointment of a supervisor at Govt. cost is not justifiable and need not be complied with. It is proposed to agree with the Registrar. As regards free audit the Registrar has recommended that the concession of free audit may be extended for one more year for the present, viz., 1947-48. In view of the unusual difficulty the society had to face as a result of the explosion in Bombay in 1944 this Department has proposed to agree with the Registrar. Finance Department also has agreed with the Registrar. But that department has advised orders in circulation including H.M.(Finance). The file may accordingly be circulated for orders whether the concession of free audit of the South Kanara Agriculturists Cooperative Marketing Society will be extended for another year, i.e. 1947-48 also.

A This is a Special Case. A fine Society fell upon evil days when the explosion at Bombay caused it much unforseen loss. Dr. Shiva Rao the President has worked long & ardently & the Society is doing fine work. We may agree with Res. & extend free audit for 1947-48.

B

Orders in circulation on p.5 ante :

A draft order is submitted for approval.

[Issued as G.O. No. 703, dated 14.2.1968]